

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 48 - SB 87

March 6, 2023

SUMMARY OF BILL AS AMENDED (004990): Caps at 20 the number of members that may be elected to the governing body of a metropolitan or municipal government following the next general election for the governing body and applies the same cap to any metropolitan or municipal government formed after the effective date of the act. Requires such entities to establish district boundaries using the most recent federal census to ensure that a reapportionment maintains substantially equal representation based on population and complies with state and federal law.

Provides that the 20-member cap takes effect as of the next general metropolitan election after the effective date of this act. If the council fails to take the necessary legislative action to effectuate the act prior to the qualifying date for the next general election after the effective date of this act, then the terms of the current council members are extended for one year and the county election commission shall set a special election to be held on the first Thursday of August of 2024, with council members assuming office on September 1, 2024. Council members elected on the first Thursday in August of 2024 will have three-year terms and thereafter, will serve four-year terms.

Empowers the governing body of a metropolitan or municipal government to take any legislative action required to effectuate this act, regardless of any provision of a charter or private act to the contrary.

Provides that except for votes for proposing amendments to a metropolitan charter, no supermajority vote of a metropolitan council is required to take a legislative action, unless state law expressly requires a supermajority vote for that particular legislative action.

Authorizes a newly formed metropolitan government to provide for the initial election of council members on a date as set by the charter, as long as the initial terms do not exceed four years and expire on August 31, after the next subsequent general election held.

FISCAL IMPACT OF BILL AS AMENDED:

Decrease Local Expenditures – Net Impact - \$179,200/FY23-24/

Nashville – Davidson County

HB 48 - SB 87

**\$509,800/FY24-25 and Subsequent Years/
Nashville – Davidson County**

Other Fiscal Impact – In the event that Nashville-Davidson County is unable to effectuate this act before the qualifying deadline for the August 3, 2023 general election, there would instead be a decrease to local expenditures of \$179,200 in FY24-25 and \$509,800 in FY25-26 and subsequent years.

The extent and timing of any permissive increase in local expenditures relative to raising councilmember salaries cannot be reasonably forecasted. Additionally, in the event that a referendum for a charter amendment is scheduled, there will be an estimated one-time, permissive local expenditure of \$2,500.

Assumptions for the bill as amended:

- There are three metropolitan governments in Tennessee:
 - Hartsville-Trousdale County, 20 commissioners;
 - Lynchburg-Moore County, 15 metro councilmembers; and
 - Nashville-Davidson County (Metro), 40 metro councilmembers.
- The proposed legislation therefore only applies to Metro, as its governing body exceeds the 20-member cap.
- There are no known municipal governing bodies with more than 20 members, so prohibiting municipalities from exceeding such cap will not result in any fiscal impact to local government.
- Prohibiting metropolitan and municipal governments formed after the effective date of this act from exceeding the 20-member cap will result in no fiscal impact to local government.
- The 20-member cap would be effective as of Metro's next general election after the effective date of this act. However, if Metro fails to take the necessary action prior to the qualifying date for Metro's next general election after the effective date of this act, then the terms of Metro councilmembers are extended for one year and the Metro election commission shall set a special election to be held August 1, 2024.
- Metro councilmembers would be elected to a three-year term and thereafter serve four-year terms upon election.
- The deadline to qualify for Metro's August 3, 2023 general election is May 18, 2023. The proposed legislation takes effect upon becoming a law.
- For the purpose of this analysis, it is assumed that Metro will have time sufficient to take the necessary actions to effectuate the act prior to May 18, 2023 and, therefore the 20-member cap would be in effect as of the August 3, 2023 general election.
- Within 30 days of the effective date of this act, the Metro Planning Commission is required to establish district boundaries using the most recent federal census to ensure that a reapportionment maintains substantially equal representation based on population and complies with state and federal law.
- The Metro Planning Commission will be able to redistrict utilizing existing staff and resources, resulting in no fiscal impact to local government.

- The Davidson County Election Commission will send each registered voter a new voter registration card in a new color so that there isn't confusion for the voters as to their new district.
- Based on the registration cards sent to voters after the 2022 redistricting, the estimated increase in local expenditures is \$245,700 (\$186,600 postage + \$59,100 printing).
- Metro councilmembers would assume office on September 1 following the general election in August of 2023, resulting in a fiscal impact for 10 of 12 months in FY23-24.
- Metro councilmember salary is currently \$23,100 and will increase to \$25,492, beginning September of 2023.
- The estimated decrease in local expenditures due to capping the Metro Council at 20 members is \$424,867 [(\$25,492 x 20 members) x 10/12] in FY23-24 and \$509,840 (\$25,492 x 20 members) in FY24-24 and subsequent years.
- The net fiscal impact in FY23-24 is estimated to be a decrease in expenditures of \$179,167 (\$424,867 decrease - \$245,700 increase).
- According to Metro, salaries for councilmembers may be increased to correspond with the larger reapportioned districts and increased workloads; the extent and timing of any permissive increase to local expenditures relative to raising councilmember salaries cannot be reasonably determined.
- Councilmember salaries may be changed by the Metro Council and established as part of the general pay plan; any action by the council will take place at a regularly scheduled meeting of the Metro Council.
- Based on information from Metro, the Metro Council will have to determine whether the 20 councilmembers will be representative of individual districts or a combination of district and at-large seats. Such determination will require a charter amendment.
- Metro's charter may be amended by adoption of a resolution by the council or by referendum. The council is prohibited from adopting an amendment by resolution more than twice during the term of office of members of the council.
- Depending on the number of charter amendments adopted by resolution, Metro must amend its charter through referendum.
- The proposed legislation authorizes a metropolitan or municipal governing body to take any legislative action, by majority vote of the body present, required to effectuate this act, regardless of any charter provision or private act to the contrary.
- Thus, Metro would be enabled to bypass its own charter provisions for any action taken to implement the proposed legislation.
- Furthermore, notwithstanding a charter provision to the contrary, a supermajority vote of a metropolitan council would only be required for votes for proposing amendments to the charter or for votes that state law expressly requires a supermajority vote for that particular legislative action. Such provision is not expected to have any significant fiscal impact on local government.
- It can be reasonably assumed that Metro would choose to amend its charter through adoption of a resolution rather than through a referendum.
- Any action by Metro Council will occur at a regularly scheduled meeting of the body, and therefore, will not result in any significant fiscal impact to local government.
- If Metro was to choose to have a referendum, it is assumed that such referendum would be in conjunction with a regularly scheduled election in 2024; Metro would be required

to publish the proposed amendment on its website and in print in a newspaper of general circulation within Davidson County.

- As a result, there may be a one-time permissive increase to local expenditures of \$2,500 due to a newspaper notice requirement, if such referendum is scheduled.
- If Metro fails to take the necessary actions to effectuate the act before the May 18 qualifying date, then the August 3, 2023 general election for Metro Council would be terminated and the terms of councilmembers in office on the effective date of this act would be extended for one additional year until the member's successor takes office in 2024.
- The general election scheduled for August 3, 2023 would still occur due to other seats being on the ballot. Removing Metro councilmembers from the ballot will not result in any significant decrease to local expenditures.
- Metro would be required to have a special general election on August 1, 2024 to elect councilmembers. It is assumed that the special election would be held in conjunction with another election in 2024, resulting in no significant increase in expenditures.
- The aforementioned decreases to local expenditures in FY23-24 and FY24-25 and subsequent years would then be pushed back one year each to FY24-25 and FY25-26 and subsequent years, respectively.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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